



Financial Report

for the fiscal year ending December 31, 2001

Corporation of the City of Mississauga, Ontario, Canada



Hazel McCallion
Mayor

Mayor Hazel McCallion and Members of Council



Carmen Corbasson
Councillor – Ward 1



Pat Mullin
Councillor – Ward 2



Maja L.A. Prentice
Councillor – Ward 3



Frank Dale
Councillor – Ward 4



Cliff Gyles
Councillor – Ward 5



George Carlson
Councillor – Ward 6



Nando Iannicca
Councillor – Ward 7



Katie Mahoney
Councillor – Ward 8



Pat Saito
Councillor – Ward 9



Financial Report 2001

The City of Mississauga, Ontario, Canada

Produced by the Finance Division,
Corporate Services Department of the City of Mississauga
in cooperation with all civic departments, offices and agencies

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Mayor's Message



Hazel McCallion
Mayor

In 2001, the City of Mississauga continued its tradition as a municipal leader in fiscal responsibility, technology and urban development. As Canada's sixth largest city, Mississauga is committed to providing its citizens with state-of-the-art facilities and programs and is recognized as a world-class city to live, work and play.

Year 2001 will also be remembered for the tragic events of September 11th as the world united in their grief and support of all those touched by the tragedy. Although deeply saddened by what happened, I am honoured to be the Mayor of a community who gave so generously to help their American neighbours.

Strong fiscal policies and superior strategic management has also meant that for the tenth consecutive year, there were no tax increases on the City's portion of the tax bill and we continue to be free of tax supported debt. I am proud of how responsible Council and staff have been to continue this record of no tax increase.



New technology is helping us provide better service. The City of Mississauga successfully implemented the first phase of the eCity project – Connect2Rec. The program offers residents the option of registering for City programs and facility rentals via the Internet, providing true multi-channel access to city services.

2001 was another banner year for building in Mississauga, ranking us as one of the top municipalities in Canada in the area of new development. Last year the value of new construction exceeded \$1.7 billion. This is the second highest year on record and the fifth consecutive year that construction values have exceeded the \$1 billion mark – proof that growth in Canada's sixth largest city is still strong.



Mississauga continues to show leadership in many ways. In community safety Mississauga was named Canada's safest city for the second year in a row. Statistics compiled by the Mississauga Crime Prevention Association (MCPA) show that Mississauga is the safest of all large cities when compared to other communities of similar or larger population. Mississauga was compared to eight cities in Canada including Toronto, Hamilton, Ottawa, Montreal, Winnipeg, Edmonton, Calgary and Vancouver. Despite enormous growth, Mississauga

has the lowest incidence of crime in the country, something we can all be proud of.

As an environmentally responsible community, the City of Mississauga has taken a strong stance on the environmental front. In 2001, Mississauga was declared an idle-free zone.

The anti-idling program was launched by the City in partnership with Natural Resources Canada. The year-long campaign encourages residents to improve air quality by stopping unnecessary idling which in turn contributes to air pollution and green house gases resulting in health problems and climate changes. The results from Mississauga's campaign will be shared with environmental coordinators across the country and will help other communities implement their own anti-idling programs.

In September, the City of Mississauga hosted the World Health Organization (WHO) Kobe Centre International Meeting on Cities and Health. The WHO Kobe Centre recognized Mississauga as a leader and model for programs that meet the organization's objectives. Key decision-makers, governors, mayors, civic leaders, leading scholars and researchers discussed ways to improve, strengthen and promote policy and outcome-oriented research that will lead to improved health and welfare systems in cities.

“2001 was another banner year for building in Mississauga, ranking us as one of the top municipalities in Canada in the area of new development”

Mayor's Message

Involvement by our community is an important element in planning for the future. I am pleased with the work of the Citizens' Task Force on the Future of Mississauga. After being brought together as a community committee in February 2001, members have already released an interim report called "Securing our Future", and held public meetings in the City's wards.

The task force will continue to gather input from the community and present its final report to Council in 2002.

Looking ahead, City Council and staff will face ongoing challenges to manage the City in a cost effective manner so that we can remain competitive and ensure that residents and businesses continue to receive quality services. With an established commitment to long term planning, 10 year Capital Budgets and fiscal responsibility, we are confident the City is well prepared for the challenges of the coming years.



I am also proud of the many milestones reached in 2001 and want to acknowledge the dedication of City Council, staff and volunteers who have worked together to achieve them. They are our most important resource as we strive to meet and exceed our commitments to the residents and businesses of Mississauga.

My congratulations to my colleagues on Council and staff who have worked so diligently this past year to ensure that the residents and businesses in this City are well served within a framework of fiscal responsibility. By working together to effectively manage future challenges, Mississauga will continue to be one of the leading municipalities in Canada.

Handwritten signature of Hazel McCallion in black ink.

HAZEL McCALLION
Mayor

City Manager's Message



David O'Brien
City Manager

2001 marked another dynamic year for the City of Mississauga, one of Canada's fastest growing municipalities.

The City continues to experience significant growth with a current population of over 612,000 residents. Projected growth is expected to reach 780,000 by 2031. Throughout this period of high growth and high service demands, we have been able to keep our taxes constant and our staff levels

low while at the same time remaining free of tax supported debt. We are committed to meeting the growth related service and infrastructure needs through continued sound fiscal policies and effective capital reserve policies that have guided the City in the past and will lead it successfully into the future.

To respond to the challenges and growth that lie ahead, the City of Mississauga continues to build upon its **Strategic Plan: a Vision for Mississauga's Future**. It serves as the framework that sets the direction for long-term growth and development and provides the link for all City plans and strategies. The Strategic Plan is the vehicle that provides citizens with an understanding of the City's direction and vision for the future.

The Strategic Plan consists of 10 vision statements with specific objectives and strategic actions that reflect the changes occurring throughout the Greater Toronto Area, the effects of downloading and the continued growth in Mississauga.



Klaus Mueller



Our mission statement – “to provide the right municipal services, in a superior way, at a reasonable cost to Mississauga taxpayers” – captures important elements of the Strategic Plan.

In 2001 we adopted an “Operating Philosophy” for how we do business at the City. The core statements of this philosophy include:

- To earn the respect, appreciation and support of our customers.
- To consistently set the standards for excellence in public service.
- To run the City like a business.
- To be an employer of choice.
- To engage all employees in the achievement of our goals.

“to provide the right municipal services, in a superior way, at a reasonable cost to Mississauga taxpayers”

In keeping with our philosophy of running like a business, we challenge staff to provide the services that residents have come to expect in the most cost-effective and efficient way. We continually review methods of service delivery as part of our continuous improvement. For example, on the heels of the successful launch last year of Connect2Rec, the City's online Recreation and Parks registration system, we are launching phase two of the eCity initiative in 2002. This new initiative will provide residents with on-line, self-serve access to more City services. Because of efficiencies like these, we have been able to keep our costs and staff growth at a minimum, despite the fact that our City is one of the most rapidly growing cities in Canada.

City Manager's Message

One of the City's Operating Philosophies "is to be an employer of choice." For the second year in a row, Mississauga was listed as one of the nation's "Top 100 Employers." The City was also rated as one of the ten top employers for parents with young children. Canada's Top 100 Employers (2002 edition) profiles the nation's best places to work and was prepared by examining more than 42,000 companies and organizations from across Canada. The City works hard to attract and retain quality staff, and was selected based on its forward-thinking practices.

We understand that providing an excellent environment for our staff allows them to focus on providing excellent service to our residents.


Many of the accomplishments over the past year reflect our commitment to the Operating Philosophy within the context of the City's Strategic Plan. The 2001 Successes Report outlines a variety of endeavours by staff which achieved savings, additional revenues and donations totalling over \$2.8 million. Our commitment to minimizing costs while maintaining exceptional customer service was outstanding. Some of these achievements include:



- Transit ridership increased by 3.2 per cent to a record 24.6 million riders using the system.
- The construction of a number of new facilities such as Erin Meadows Community Centre and Library, Fire Station 121, Brick Yard Park and the Kariya Pavilion and Dry Garden.
- Completion of major road widening on portions of Dundas Street, Clarkson Road and Tenth Line.
- Hosting significant events with international profile – the World Health Organization

Kobe Centre International Meeting on Cities and Health, the World Women's Baseball Championships.

As we look to 2002, we take great pride in watching the City of Mississauga continue to prosper. We look forward to serving the needs of our citizens with confidence, enthusiasm and excitement.



David O'Brien
City Manager

City's Strategic Direction

The City of Mississauga is moving forward in the new millennium with a new strategic direction. To respond to the challenges and growth that lie ahead, the City updated the Strategic Plan for the New Millennium. It will serve as the framework that sets the direction for long-term growth and development, and provides the link for all City plans and strategies.

This process has been in effect for the past ten years in Mississauga and has provided the organization with a focus and direction. Most important, the Strategic Plan is the document that has provided citizens with an understanding of the City's direction and vision for the future.

Each of the vision statements has specific objectives and strategic actions that outline some of the steps needed to reach the vision.

With the Strategic Plan for the New Millennium in place, we will be able to ensure that Mississauga will continue to be the community that people want to call home in the 21st century.

The Strategic Plan for the New Millennium is our commitment to all those who live and work in Mississauga to create a vibrant, prosperous City.

Strategic management is an ongoing process. It involves the coordination and integration of existing procedures and practices such as the budget process and demographic and development forecasts into a common corporate strategy.

To achieve these strategic goals, the City must continue to develop partnerships with various sections of the community and service providers. The City must monitor the public's expectations for municipal services and obtain feedback. The City must continue to monitor and evaluate all corporate plans to ensure their continued relevance in anticipating, initiating and managing change effectively.

We will continue to incorporate the 10 vision statements of the Strategic Plan into the design and delivery of City programs and services.

To keep everyone informed, we will monitor and communicate the progress of our strategic plan to City Council, stakeholders, staff and residents of Mississauga. By working together to bring creative and innovative solutions to the challenges that lie ahead, Mississauga will continue to be one of the leading-edge cities in Canada.

10 Vision Statements of the Strategic Plan:

- Mississauga will be a distinct major Canadian city.
- The City Centre will be downtown Mississauga.
- Mississauga will have distinct and recognizable communities.
- Mississauga will have a dynamic and diverse economic base.
- Mississauga will have a transportation system which allows for safe and efficient movement within and beyond the City.
- Mississauga will provide the right services, delivered in a superior way, at a reasonable cost.
- Mississauga will be an environmentally responsible community.
- Mississauga will be governed in an open and responsive manner.
- Mississauga will achieve excellence in public administration.
- Mississauga will offer a diversity of cultural opportunities.

City's Operating Philosophy

To earn the respect, appreciation and support of our customers

- We must build effective relationships with our customers, based on trust, respect, honesty and integrity.
- Our customers know what to expect from our services based on established and clearly communicated service delivery standards.
- By listening to our customers, and understanding their needs, we are able to respond with the best service possible.

To consistently set the standard for excellence in public service

- We are accessible to our customers.
- We are open to new ideas and we listen and learn from each other.
- We set progressive goals for ourselves.
- We are champions of the public interest.
- Innovation is essential to deliver the best services at the lowest cost to the taxpayer.

To run the City like a business

- Our business includes the sound management of public resources and the protection of the public interest.
- The application of private sector business principles and practices, where appropriate, is the key to our success.
- The City is committed to measuring and managing performance as well as continuously improving our processes and services.
- We must be purposely aware of the efficiency of our services to ensure they are cost effective and provide value.
- We maintain a strong long-term financial plan and make decisions on sound business plans.
- We anticipate, initiate and manage change effectively.

To be an employer of choice

- We work in a safe and healthy work environment.
- We respect diversity in the work place.
- All employees are highly valued members of the Corporation.
- We are committed to fair and equitable compensation practices.
- We recognize employees' needs and respond in a flexible and appropriate manner.
- Employee growth and development is valued.

To engage all employees in the achievement of our goals

- We want to wake up every day with a passion for our work.
- We will speak out, try new things and challenge conventional wisdom.
- We feel free to use our best judgement and make decisions.
- Free and open sharing of information and ideas is critical for effective two-way communication.
- Recommendations and solutions will emerge from collaboration and team work.
- We will take ownership and responsibility to resolve problems and remove barriers that impede our performance.
- We will take the time to express genuine appreciation for a job well done and openly recognize successes with enthusiasm.

City Profile and Statistics

Incorporated in 1974, the City of Mississauga continues to be a growing, diverse and dynamic city. Mississauga has the enviable reputation of being one of Canada's fastest growing cities and has established itself as a municipal leader by delivering well planned, quality public services in a business-like and responsible manner.

Mississauga is one of many cities and towns located in the Golden Horseshoe, which is Canada's manufacturing heartland. Strategically located on the western boundary of the City of Toronto, Mississauga forms part of the Greater Toronto Area.

With a population of 612,000 residents, Mississauga is Canada's sixth largest city. The demographics of the City include a median household income of \$66,070 with more than 76 per cent of the population under the age of 50 and 33 per cent of population between 24-44 years of age.

Occupying a territory of 28,750 hectares (or 111 square miles), Mississauga is located in the centre of Canada's major consumer and industrial market in the province of Ontario. The City is only 90 minutes from the United States border which puts local companies in touch with a vast market of 164 million customers. Fast and convenient access to both local and international markets is a key factor in Mississauga's success as a prime business location.

As the only city in the GTA with seven major highways transversing it, Mississauga offers fast and convenient access to destinations in Canada and the USA. Businesses can save considerable time and money with easy access to such highways as the 400, 401, 403, 407, 409, 410, 427, and the Queen Elizabeth Way (QEW). In fact, Highway 407 is one of the most technically advanced toll highways in the world.

Mississauga is also served by Canada's busiest international airport - Lester B. Pearson International Airport, and two national railways.

One of the great strengths of the Mississauga business community is the wide variety of companies located here. More than 20,000 businesses, widely diversified in service, manufacturing, retail, wholesale and construction fields, occupy business premises in the City of Mississauga. These businesses account for approximately 386,750 employment positions. Also, 42 of the top Fortune 500 corporations have their Canadian head office located in Mississauga.

Because of the magnitude of the industrial and commercial base located in Mississauga, the City is now a major employment centre within the Greater Toronto Area. Mississauga's 20,000 plus employers have access to a pool of 2 million workers within the Greater Toronto Area.

Our rapid population growth continues to expand the available labour force, which has above average education and skill levels.

Mississauga continues to provide residents with the right services, delivered in a superior way, at a reasonable cost. Services provided by the City include transit, provincial offences administration,

recreation facilities and programs, parks maintenance, fire and emergency services, library services, local and arterial roads, storm sewers, tax collection, winter maintenance, building controls and inspections, bridges and watercourses and municipal planning and zoning services.

“Mississauga is Canada's 6th largest city – located in the centre of Canada's major consumer and industrial market”

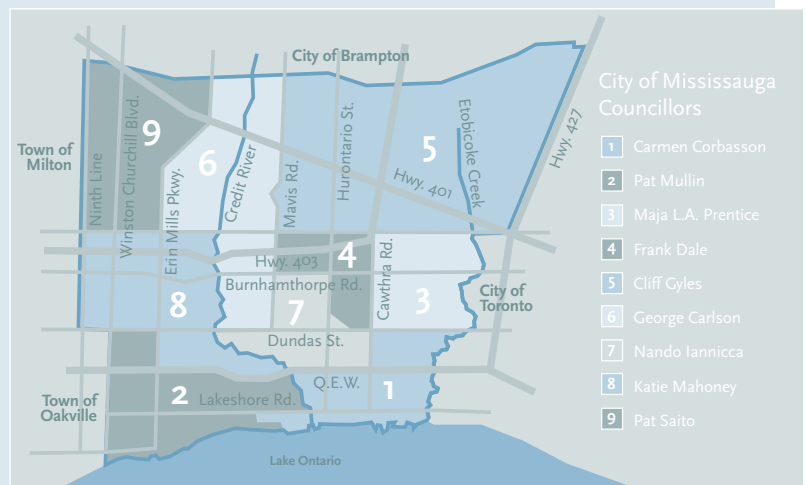
City Council

City Council is the legislative body of the Corporation of the City of Mississauga. Council consists of the Mayor, who is elected at large by voters of the City, and nine Councillors, who are each elected by voters in their own ward. The City Council's term of office is three years. The existing Council began their term on December 1, 2000 and will sit until November 30, 2003.

This ten member council also resides on the Regional Municipality of Peel Council (upper tier level of government) along with representatives from the City of Brampton and the Town of Caledon.

All members of Council, including the Mayor, may exercise their authority through the passage of by-laws and/or Council resolutions.

The City Manager supports City Council by directing the daily operations of the City through appointed department heads and administration of City policies. The City Manager also acts as an advisor to the Mayor and Council on all matters of government administration.



City Committees

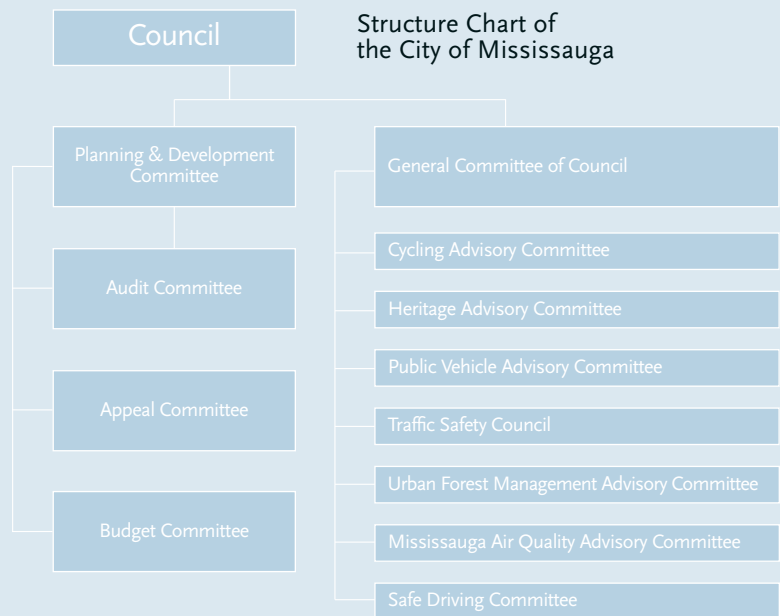
Council is assisted in the discharge of its responsibilities through a committee structure. These committees are delegated certain powers and duties to facilitate the administration of their assigned areas.

General Committee, Planning and Development Committee, Audit Committee, Appeal Committee and Budget Committee are designated as Standing Committees and report directly to Council.

Other committees designed as ad hoc or sub committees report to Council through one of the standing committees.

Ad hoc or other Committees of Council and task forces may be struck by Council from time to time.

A structure chart of the City of Mississauga has been included to the right.



There are other ad hoc committees of council and task forces struck by Council from time to time.

Departments and Services



The Council Chamber

Departments and Services

The City's operational and administrative structure is comprised of five Departments. A general overview of each department is provided below.

City Manager's Department:

The City Manager's Office is responsible for the overall administration of the City's departments, developing corporate policy, providing management consulting services which assists departments with work and organizational analysis and providing advice to Council about City organization and operating procedures. The City manager also acts as a department head for other sections in the City Manager's Department. These sections include Economic Development, Internal Audit and Management Consulting.

The Economic Development Office is responsible for supporting the needs of businesses and creating awareness of Mississauga as a superior business community to attract and retain business.

Internal Audit is responsible for carrying out the duties assigned in the Internal Audit Charter including conducting independent reviews of financial and other operations, policies, procedures and control systems, and reporting the findings and recommendations to the Audit Committee. Internal Audit is also responsible for the administrative liaison with the City's external auditor.

The Management Consulting section is responsible for the development and review of Corporate Policy, operational reviews, continuous improvement initiatives and various projects of strategic and corporate significance.

Corporate Services Department:

The Corporate Services Department provides a diverse range of services primarily to the Corporation as a whole and to departments within the Corporation. Support and expertise are provided in areas such as Information Technology, Finance, Legal, Human Resources Management, Records

Management, Purchasing, Risk and Insurance Management, Realty Services, Communications and Issues Management, Printing, Photocopying and Mail distribution.

Services provided to the public include conducting municipal elections; tax billing and collection; administering requirements under various Provincial Acts (including the Provincial Offences Act since 1999); and managing and promoting media relations, community relations and special events. The department also issues public vehicle, lottery, business and dog licenses and enforces City by-laws related to property standards, noise, zoning and the parking of vehicles on public and private property.

The Department is organized into eight divisions: Office of the City Clerk, Communications, Enforcement, Corporate Finance, Corporate Human Resources, Information Technology, Legal Services, Material Management and Administration.

Community Services Department:

The Community Services Department is responsible for the provision of fire protection and emergency response services, recreational programs, community centre and all facility operations and maintenance, museums, parks maintenance, golf course and marina operations, library services, the operation and maintenance of the Hershey Centre, the design and construction of new facilities and parks, and major maintenance of existing facilities.

The Department is organized into five divisions for the delivery of 20 programs.

Fire and Emergency Services Division provides fire protection, fire prevention, emergency and related services to the City of Mississauga. The Division provides emergency medical, rescue, automotive extrication and hazardous material containment services in addition to fire related services. As well, the Fire and Emergency Services Division provides maintenance services for its buildings, which includes nineteen fire stations and one training facility. The Mechanical Section maintains twenty-seven major fire and rescue vehicles. The Division also

...continued on page 14

Departments and Services

operates and maintains a communications and Computer Assisted Dispatch (CAD) system. Inspection and enforcement services under the Ontario Building and Fire codes are also provided by the Division through the Fire Protection Section. Training and staff development is provided at a three-acre training facility on Britannia Road.

Planning and Administration Division include: the coordination of financial planning, monitoring and reporting activities; research and analysis; facility and park planning; capital development, project management and development application review; strategic planning along with other administrative functions.

Recreation and Parks Division is responsible for the provision and maintenance of recreation and leisure time facilities, programs and services. These responsibilities include: maintaining and operating community centres, arenas, pools, fitness centres, museums and theatres; developing and promoting recreation programs and encouraging volunteer organizations to provide additional recreational services. The Division is also responsible for year-round maintenance and operation of parkland, green belts, trail systems, waterfront areas, boulevards, street and park trees, cemeteries, outdoor recreation and leisure time facilities, two municipal golf courses, two public marinas and enforcement of the Provincial Weed Control Act.

Recreation and Park services are provided through eight budget programs that cover an asset base of 11 community centres and eight minor centres (with 177 meeting rooms and auditorium facilities), 26 ice pads (including four outdoor artificial ice surfaces), 12 arenas, 11 indoor pools, seven outdoor pools, 124 tennis courts, two museums, and two theatres. In addition, there are 2,350 hectares (5,800 acres) of open space, 582 hectares (1,438 acres) of school board property, 262 hectares (647 acres) of boulevards, eight cemeteries, 140 City ball diamonds, 172 soccer fields, 26 permitted picnic areas, three wading pools, 10 spray pads, two golf courses, two public marinas and a day camp.

Mississauga Library System operates one central library, 15 branch libraries and a bookmobile, providing residents with a collection of more than two million items in over twenty-five languages. These items include books, magazines, talking books, compact discs, microfiche, DVDs, audio and video cassettes.

Facilities and Property Management Division is responsible for the maintenance and servicing of City facilities, construction and project management of new facilities and the operation of the Civic Centre, Central Library, and the Living Arts Centre. Services include security, facility management, facility maintenance, custodial, energy management, event co-ordination, space planning and the 3 Rs program (Recycle, Reduce, Reuse). As well, the Division provides architectural and engineering support services to City Departments.

Planning and Building Department:

The Planning and Building Department provides a diverse range of services for nearly all aspects of land development and building activities within the City.

Overall management and leadership for the department are provided through the Commissioner's Office.

The functions of Planning and Building's four programs are as follows:

The Administration and Technology Division provides financial services to the department including budget preparation and expenditure and revenue monitoring and reporting. This division is also responsible for establishing departmental administrative policies and procedures within the corporate framework and generally providing a departmental focus for all divisions in the Planning and Building Department. The Office Services, Geographic Technology Services and Development Services Sections provide secretarial, clerical, central filing and reception services; geographic related products, mapping and graphic services; and development charges collection, responses to solicitor letters, clearance and co-ordination of development conditions and processing condominium development applications and requests for exemption from part-lot control.

Departments and Services

The Development and Design Division consists of five teams including four Development Area Teams and a Urban Design Team. The development Area Teams include Central, South, East and West and are responsible for processing development applications according to the goals and objectives of the City Plan (Official Plan), including re-zoning, official plan amendments, subdivision and site plans. Staff also provide information and advice to City Council, the Public, Developers, Consultants and others. The Urban Design Team is responsible for proactive design work and consultation to the Development Area Teams on landscape and urban design issues.

The Policy and Planning Division includes two sections. The Long Range Planning Section (LRPS) is responsible for long-range, strategic and environmental planning and also for the City Plan (Official Plan). The Research and Special Projects Section (SPS) maintains a comprehensive and statistical database, prepares special studies and reports and is responsible for growth monitoring and development forecasting.

The Building Division is responsible for administering the Ontario Building Code and other applicable laws and interpreting the zoning by-laws. The division inspects construction within the City and processes building permits and zoning certificates. The division has three sections: Permit and Zoning Administration; Building Engineering and Inspection; and Mechanical Engineering and Inspections.

Transportation and Works Department:

The priorities of the Transportation and Works Department are to provide efficient and reliable transit services and to develop and maintain the City's roads, storm sewer system and bridges. The department's organization reflects its major activities such as Mississauga Transit, Engineering and Works, Transportation and Engineering Planning, and Administration.

Mississauga Transit Division administers and operates the transit system in the City of Mississauga.

The Engineering and Works Division is divided into eight separate programs dealing with the construction, maintenance and operations of the City's infrastructure. The programs are: Maintenance Control; Design and Construction; Development Services; Sewer, Bridge and Watercourse Maintenance; Winter Maintenance; Cleaning and Litter Pickup; Road/Sidewalk Maintenance; and Corporate Fleet Maintenance.

The Transportation and Engineering Planning Division has four programs: Transportation and Engineering Planning; Street Lighting; Crossing Guards; and Traffic Management.

The Transportation and Works Administration Division includes the following major support activities: Financial Services; Human Resources; Computer Services; Marketing; Infrastructure Management; Geographic Information System (GIS) and Computer Assisted Drafting and Design Services (CADD).

Year 2001 Awards and Accomplishments

The 2001 Successes report that outlines the achievements of the Corporation over the past year within the context of the City's Strategic Plan, was presented to Council on April 3, 2002. It outlines a wide variety of endeavours by staff which resulted in cost savings, additional revenues and donations totalling over \$2.8 million. Our commitment to minimizing cost while maintaining exceptional customer service was outstanding in 2001. Some of the highlights outlined in the successes report are:

Once again, for the tenth consecutive year, there was no increase on the City portion of the property tax bill in 2001.

Last year was also exceptional with a record \$1.7 billion in the prescribed construction value of building permits issued making 2001 the second highest building year on record and the fifth year in a row that construction exceeded the \$1 billion mark. 2001 was also the first year in which the residential prescribed construction value exceeded \$1.0 billion.

On the international front, a delegation of Mississauga citizens, staff and politicians travelled to Japan in March to participate in a special ceremony to promote and celebrate the 20th anniversary of the twinning of the City of Mississauga and Kariya City, Japan. The opening of Mississauga Park and the Mississauga Bridge in Kariya City marked the culmination of an effort spanning more than seven years. The park honours the ongoing relationship between the two cities.

In September, the City of Mississauga hosted the World Health Organization (WHO) Kobe Centre International Meeting on Cities and Health. The WHO Kobe Centre recognized Mississauga as a leader and model for programs that meet the organizations' objectives. Key decision-makers, governors, mayors, civic leaders, leading scholars and researchers from around the world discussed ways to improve, strengthen and promote policy and outcome-oriented research that will lead to improved health and welfare systems in cities.

Locally, Mississauga was recognized by the Ontario Media Development Corporation as one of the most active communities in 2001 in terms of on-location film, television and commercial production.

In recognition, a cash donation of \$11,000 was made to Mississauga Community Foundation from the "Thank You Toronto/Ontario Campaign."

Transit ridership increased by 3.2 per cent over the previous year with a record 24.6 million riders using the system.

The City also completed the construction of a number of new facilities including the Erin Meadows Community Centre and Library, Fire Station 121, Brick Yard Park, and the Kariya Pavilion and Dry Garden.

Overall, residents continue to give high ratings to the level of customer service provided by the City of Mississauga. According to independent research conducted by Environics, resident satisfaction puts

Mississauga at the top of the list of municipal governments in the Greater Toronto Area. More than nine in ten Mississauga residents, or 93 per cent, said they were either 'very satisfied' or 'somewhat satisfied' with the level of services their City provides.

Similar results from the Canadian Federation of Independent Business survey indicated a 92 per cent rating of either 'very satisfied' or 'satisfied' with local government in Mississauga, the highest of any city in Canada.

"the City's long standing commitment to the community is exemplified by employees who consistently exceed the standard for excellence"

2001 Awards

For the second consecutive year, the City of Mississauga was named one of Canada's Top 100 Employers in the book by Richard Yerema. This award is based on selection criteria relating to business growth, physical work environment, staff communications, staff performance feedback, employee benefits, vacation programs and whether the employer "goes the extra distance" to attract and retain outstanding employees.

Year 2001 Awards and Accomplishments

Mississauga also leads the way in community safety having been named Canada's safest city for the second year in a row. Statistics compiled by the Mississauga Crime Prevention Association (MCPA) show that Mississauga is the safest of all large cities when compared to other communities of similar or larger population.

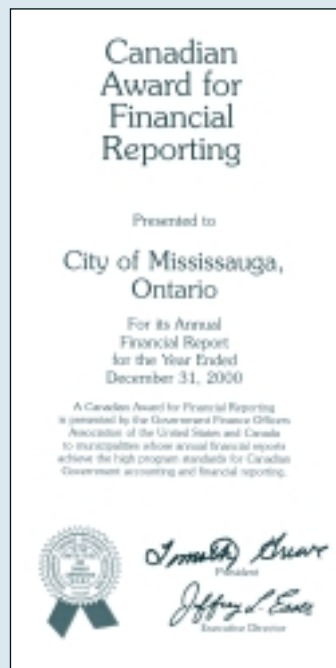
One winning example of the City's commitment to safety is the City Centre Transit Terminal which was recognized with a 2001 CPTED (Crime Prevention Through Environmental Design) Award for building design.

Mississauga was also recognized for its leadership in initiatives that range from outstanding urban design to environmental conservation. The Community Services Department received a number of awards from the Canadian Society of Landscape Architects (CSLA) including a National Citation and Regional Merit Award for the Mississauga Garden Park, and another Regional Merit award for the Kariya Park Pavilion. Another Regional Award of Merit from the CSLA was given to the City for the Millennium Design Icons and Retrospective Book that celebrated urban design excellence in the City.

Cawthra Community Centre received the 2001 Brick in Architecture Award from the *Brick Industry Association and Architecture Magazine* in recognition of its excellence in the use of brick. This award was one of six out of a field of 260 nominations from across North America.

Mississauga's Planning and Building Department and the Community Services Department participated in the preparation of the City Centre District Policies, City Centre Zoning Bylaw and the City Centre Urban Design Guidelines, which won a 2001 OPPI (Ontario Professional Planners Institute) Excellence in Planning Award under the Professional Merit Award.

Mississauga's Naturalization Program won three Toronto Region Conservation Authority awards in the Habitat category for demonstrating outstanding leadership in renaturalization initiatives through the implementation of the "Malton Greenway – Ten Years of the Valley Land Restoration Plan", the outstanding regeneration work and commitment to the "Etobicoke Creek Valleyland Restoration" in partnership with Pratt and Whitney Canada, and for leadership and participation in the regeneration project "Riparian Zone Naturalization" in partnership with the City's Lincoln M. Alexander Secondary School.



The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Canadian Award for Financial Reporting to the Corporation of the City of Mississauga for its annual financial report for the fiscal year ended December 31, 2000. This award program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. For the fourth time, the City was presented with this distinguished award.

The Finance Division also received for the twelfth consecutive year the Distinguished Budget Presentation Award from the Government Finance

Officers Association (GFOA) of the United States and Canada. Both awards are the highest form of recognition that a government entity can receive and are designed to promote the highest quality of financial documents that meet the needs of decision-makers and citizens.

The Economic Development Office (EDO) was also recognized for many achievements during 2001. They were recognized with four marketing awards for the City's "Running Man Campaign" from the Economic Development Council of Ontario

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Year 2001 Awards and Accomplishments

including Best of Show for their Web site. EDO also received a national first place award from the Economic Development Association of Canada and an International Economic Development Association award for the Best Business Directory – International Marketing Award.

The Corporate Services Intranet site won a First Place Award from the Ragan Consulting Group. This site was recognized as a significant departmental communications tool with a winning design that is user friendly and service oriented.

Mississauga also leads the way with its commitment to corporate citizenship. Last year, the City of Mississauga's United Way Employee Campaign raised an unprecedented \$125,000 in donations. In recognition, the City received United Way of Peel Region Chair's Award of Merit for campaign excellence. This is the first year the award was presented.

Mississauga's Canada Pavilion, the only outdoor pavilion at the community Carassauga festival, received the Rogers Cable TV Award for Best Pavilion. Held on the grounds of Benares Historic House, the pavilion was a joint project of the Museums of Mississauga and the Port Credit Rotary Club.

“the City of Mississauga was named one of Canada's Top 100 employees”

The City's long-standing commitment to community is exemplified by employees who consistently exceed the standard for excellence in Public Service. Staff from the City of Mississauga and Cawthra Community Centre were recognized with the Excellence Award by Humber College for the City's partnership with the college and the Trainee-ship Program. The program provides employment opportunities for Mississauga students and benefits the Cawthra Community Centre as well.

Last summer, one of the City's lifeguard teams was ranked number one, the best in the Ontario, after placing first in provincial waterfront and pool competitions. The scores from both competitions were combined together for an overall ranking in the province and the combined Championship title.

Superior life-saving skills were also demonstrated by the Auto Extrication Team from Fire and Emergency Services as they took first place in the non-regional category at the Eastern Ontario Regional Auto Extrication Competition in Ottawa.

The City's Planning and Building Department was presented with the Ontario Association of Landscape Architects (OALA) 2001 Public Practice Award.

Overall, the City has much to be proud of and much to celebrate. 2001 was a year of significant achievements.

Message from Commissioner of Corporate Services and Treasurer



Janice M. Baker
Commissioner of
Corporate Services
and Treasurer

I am pleased to submit the Financial Report for the City of Mississauga for the fiscal year ending December 31, 2001. This is the third year that the City has prepared this report on the basis of the new accounting principles and disclosure requirements as prescribed by the Canadian Institute of Chartered Accountants (CICA) standards contained in the Public Sector Accounting and Auditing Standards Manual.

This report provides an overview of the City's ongoing financial and operational performance so that taxpayers, residents and clients of the City of Mississauga can be well informed of the City's accomplishments and financial successes over the past year. Information has been presented in a way to allow all stakeholders a greater ability to assess the financial position and results of operation of the municipality. This report provides details on the economic climate, our challenges and 2001 financial highlights including a synopsis of Current Fund, Capital Fund and Reserve Fund financial results.

I am proud to say that the Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Canadian Award for Financial Reporting to Mississauga for its Annual Financial Report in 1996, 1997, 1999 and again in 2000. This award was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports. This award is valid for a period of one year only. Public Sector Accounting Board (PSAB) recommendations form a major part of the valuation criteria. Our 2001 report continues to conform to the program requirements and will be submitted to the GFOA for evaluation.

Economic Climate

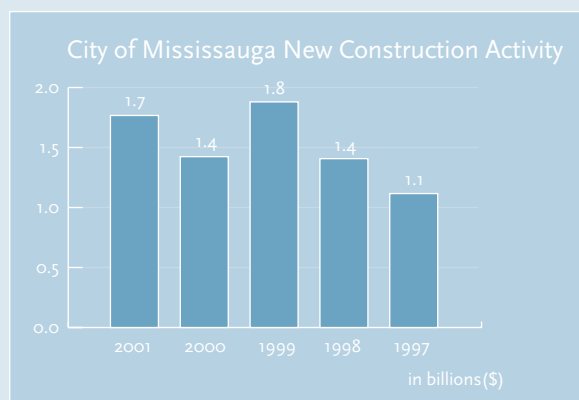
The economic climate in 2001 can be described as a year marked with turbulence and uncertainty. Worldwide economic growth slowed considerably in the first half of 2001 along with a steady decline in interest rates. The resurgence expected for the North American economy in the second half of the year was set back by the terrorist attacks on

September 11. These events hurt international trade by disrupting border crossings and severely affecting household and business spending, particularly in air transport, tourism, and accommodation.

Canada, the United States and other global economies all felt the effects of these events. Industry cuts in capital spending and diminished production were the direct result of the falling stock market, the sharp decline in corporate profits and the excess capacity in the manufacturing sector, especially in high-tech.

Economic Indicators:

- The total value of goods and services produced in Ontario, the gross domestic product (GDP) grew 1.4 per cent in 2001, significantly lower than the 2000 GDP growth of 5.7 per cent.
- Ontario's Consumer Price Index (CPI) inflation rate for 2001 was 3.1 per cent, up from 2.9 per cent in 2000.
- In 2001, Ontario department store sales rose 6.7 per cent over 2000.
- Ontario's employment increased 1.5 per cent over 2000, while the unemployment rate grew to a 6.3 per cent annual average compared to 5.7 per cent in 2000.
- Ontario's housing starts in 2001 were 73,000 units, an increase of 20,000 units over 2000.
- The City of Mississauga generated over \$1.7 billion in the value of new construction in 2001.

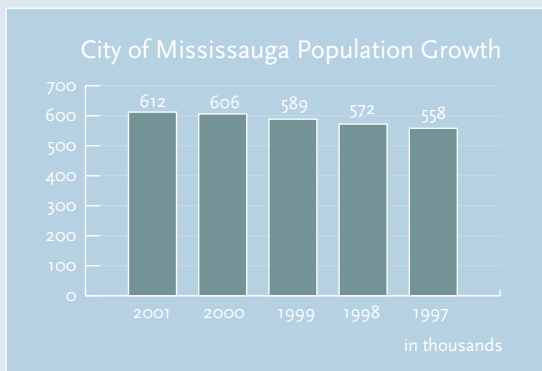


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Message from Commissioner of Corporate Services and Treasurer

As a local municipality we were not immune to these events. As interest rates fell, so too did the City's income earned on investments. Economists project that it will take some time to fully recover from these economic and world events.

Despite the slowing economy, the Ontario Housing Market remained remarkably buoyant in 2001 which was supported by strong population growth and very low interest rates. A total of 7,015 residential, commercial and industrial permits were issued in 2001 compared to 6,055 permits in 2000, an increase of 16 per cent. Most notably the City experienced a 34 per cent increase in the number of residential dwellings constructed in 2001.



The Challenge

City Council made the difficult decision not to increase property taxes for the tenth consecutive year in 2001. The City's service levels were maintained despite the challenging tasks of absorbing the 2001 operating pressures such as the opening of the Erin Meadows Community Centre and Library, the Cooksville Library, a new fire station crew, a Transit expansion, and annualization costs for facilities opened last year.

Robust expansion over the past few years coupled with increasing costs for providing services and reduced interest earnings posed significant challenges for the City in 2001. However, by utilizing effective planning and sound fiscal policies the Corporation was able to successfully manage these challenges.

“The City's service levels were maintained despite the challenging tasks of absorbing the 2001 operating pressures”

As part of our budget process, City staff, for the first time prepared a ten year forecast to assist with both current and long range planning for the City. Through this exercise, the City has identified significant challenges that will require attention and future planning to minimize the impact on future budgets.

Some of these challenges include maintaining or replacing aging infrastructure such as buildings and roads, building new facilities and providing administration support as a result of population growth (i.e. fire stations, community centres), replacing and maintaining an aging and growing transit fleet and the uncertainty with respect to continued provincial financial support for public transit.

In spite of these challenges, the City's financial health and stability continues to remain strong. Healthy reserve balances and minimal debt are essential factors for continued success. Reserves have been established and funds set aside to help maintain assets over a long time period and assist the City with managing current and future obligations.

The City operates under a pay as you go philosophy, requiring minimal debt. The City's existing debt charge of \$198,000 is fully recovered by local improvement charges.

Financial Highlights in 2001

This discussion and analysis of the City of Mississauga's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2001. Please read it in conjunction with the financial statements and the accompanying notes to those financial statements.

The assets of the City exceeded its liabilities at the close of 2001 fiscal year by \$857 million, representing a drop in the City's Net Financial Resources of \$36 million compared to the year 2000.

The decline is primarily impacted by the increase experienced in the obligatory reserve funds, \$18 million for development charges and parkland and the increase in the liability estimate for employee benefit and

Message from Commissioner of Corporate Services and Treasurer

other liabilities of \$44 million. The increase in the obligatory reserve funds was directly impacted by the increased level of construction and development activity in the City. Employee benefits and other liabilities escalated primarily because of Section 14 credits of the Development Charges Act. The year 2001 Section 14 liability of \$39 million was re-evaluated to include all obligations.

The increase in accounts receivable of \$26 million occurred due to the delay in billing of airport payments in lieu of taxes for 2001, as a result of provincial regulation changes.

At the close of the current fiscal year, the City reported combined ending fund balances of \$947 million, an increase of \$8 million in comparison to the prior year. This increase is affected by a rise of \$21 million in Reserve Funds, specifically in capital construction and vehicle and equipment replacement. The consolidated fund balance includes \$164 million related to the net equity of Enersource Corporation representing the City's 90 per cent ownership of the utility.

The cost of all City activities this year, for both current and capital, was \$462 million. Approximately 36 per cent, or \$168 million was financed through property taxes. The balance of the costs were paid through user fees (\$112 million), contributions from developers (\$42 million) and income earned on investing the City's surplus funds (\$45 million).

The 2001 financial statements of the City of Mississauga have been completed on a fund basis. Three funds make up the City's financial statements: Current/Operating Fund, Capital Fund, and Reserve Fund. The results of these funds have been consolidated to report the overall financial position and financial activities of the City to conform to the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Below is a financial summary for each fund:

Current Fund

The Current Fund provides for the normal operating expenditures and revenues associated with the provision of services and programs and the utilization and maintenance of the assets or improvements

approved through the annual budget process. 2001 operations resulted in a current fund surplus of \$4.1 million with revenues of \$337 million and expenditures of \$302 million.

“The city operates under a pay as you go philosophy”

Current Fund Revenues

The Current Fund revenues to support expenditures are primarily derived from Property Taxation at 50 per

cent and User charges at 33 per cent. Other sources of revenue include Taxation from Other Governments, Investment Income, Penalties and Interest on Taxes, Government Grants and Other Income.

Total Revenues of \$337 million reported in 2001 exceeded 2000 by \$18 million or 5.8 per cent.

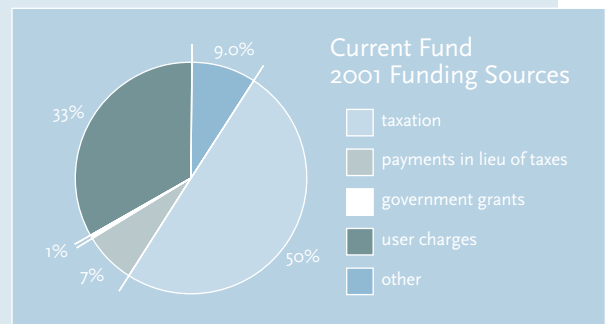
Growth related revenues include building permit fees of \$18.3

million, engineering subdivision fees of \$3.5 million, and supplementary taxes of \$5.9 million – all exceeding last year actuals by \$0.9 million, \$1.6 million, and \$2.6 million respectively. The increase in building permit fees and engineering subdivision fees is directly related to the strong development and construction activity throughout 2001. The increase in supplementary taxes is a combination of housing growth, home improvements and additions, and assessment value increases.

Transit farebox revenue of \$36.2 million exceeded last years actual of \$34.9 million. In 2001, 32.8 million (2000 – 30.9 million) boarding passengers used the Mississauga Transit system. The increase in transit fare revenue was directly related to higher ridership volumes compared to last year. Transit fares were not increased in 2001.

Declining interest rates due to a slowing economy and the September 11, 2001 tragedy resulted in \$9.5 million in Investment Income as opposed to \$12.8 million in 2000.

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Message from Commissioner of Corporate Services and Treasurer

Revenues of \$8.9 million from penalties and interest remained relatively stable compared to last year results due to a combination of improved cash collection practices and higher than expected assessment appeals.

Other revenue sources for the City include the Provincial Offences operations of \$5.9 million and other fines of \$5.7 million. Provincial Offences operation revenues increased by a slight margin over 2000 primarily due to increased ticket distribution as a result of a new traffic unit task force. Other fine revenues increased by \$1.2 million over 2000 due to a combination of increased ticket issuance and the setup of a new team to enhance enforcement of disabled handicap parking violations.

Current Fund Expenditures

The Current Fund expenditures are comprised of four major components : Transportation at 33 per cent; Recreation and Cultural Services at 22 per cent; General Government at 21 per cent; and Protection to Persons and Property at 20 per cent. Other expenditure sources include Planning and Development, and Environmental Services. Current year operating

Operating expenditures exceeded the 2001 budget by \$7.5 million primarily due to Tax Write-offs and Cancellations of \$4.4 million which was \$2.4 million higher than budget. Professional Services costs of \$5 million were \$2.5 million higher than budget as a result of legal fees for Greater Toronto Airport Authority (GTAA), development charges, and re-assessment appeals cases.

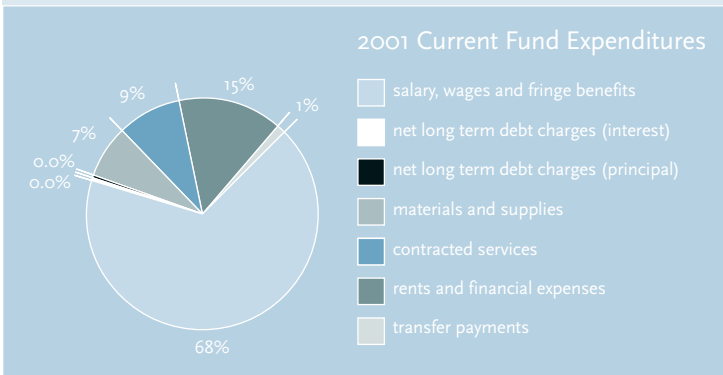
The operating surplus of \$4.1 million recorded in 2001 will be used, as required by statute, to reduce the tax levy for 2002 .

Capital fund

The Capital Fund is established to provide for significant expenditures incurred to acquire, construct, or improve land, buildings, engineering structures, or machinery or equipment used in providing municipal services. These capital expenditures usually confer benefits lasting over a significant period and result in the acquisition of, enhancement to, or extension of the normal useful life of a fixed asset. The City prepares a multi-year operating forecast to identify the impact of new facilities and infrastructure. Unless the City can pay for the new facility without debt, the project will not proceed.

As a result of changes to the Public Sector Accounting Board's (PSAB) reporting requirements, the Capital Fund Operations Statement now includes budget figures. The approved capital budget for 2001 reflected on the Consolidated Schedule of Capital Fund Operations represents the budget for 2001 capital projects only. As many capital projects are carried out over one or more years the budget figures may not be truly comparable with actual expenditures. Actual expenditures in 2001 would include expenditures for 2001 projects as well as open capital projects from prior years and unused budget for open projects will be carried forward to future years.

Financing of capital construction costs in 2001 was provided primarily through property taxes and development charges. The elimination of provincial grants and subsidies as well as changes to the Development Charges Act (DCA) continue to severely impact the City's capital program.



expenditures totalled \$302 million versus \$281 million in 2000. A significant portion of this expenditure growth is related to labour costs of \$205 million which is 10 per cent higher than 2000 due to an increased labour force as well as retroactive labour settlements for 1998 to 2001 inclusive totalling \$3.2 million. This settlement was mainly funded by a transfer from the Reserve for Labour Settlement.

Message from Commissioner of Corporate Services and Treasurer

Capital expenditures in 2001 totalled \$115.5 million as compared to \$99.7 million in 2000. Major projects included a unique partnership between the City of Mississauga, the Dufferin-Peel Catholic District School Board and the Mississauga Library Board to form a multi-use complex combining St. Aloysius Gonzaga Secondary School and Erin Meadows Community Centre and Library. Other significant expenditures included the opening of Fire Station #121, design of Fire Station #122, land purchase for Fire Station #120, Brick Yard Park, Zonta Park, Kariya Pavilion and Dry Garden, and the completion of major road widening on portions of Dundas Street, Clarkson Road, and Tenth Line.

The cost of maintenance, replacement and renovations will increase as the City's capital infrastructure ages. The transfer to Capital Reserve Fund of \$52 million in 2001 is part of the City's ongoing effort to maintain the existing capital infrastructure through annual contributions from current operations.

Reserves and Reserve Fund Balances

The City has established reserves to fund long term liabilities, reduce tax rate fluctuations due to anticipated expenditures and revenue shortfalls, smooth expenditures and fund multiple year special projects.

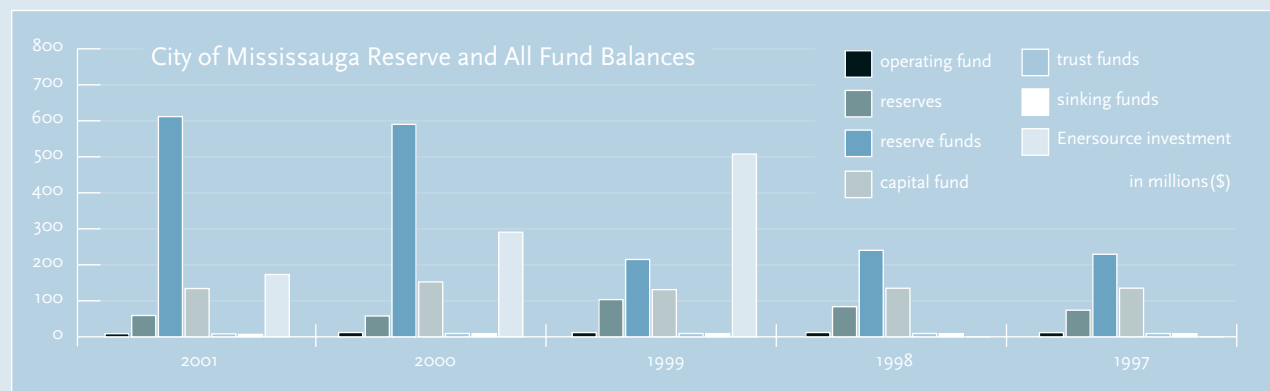
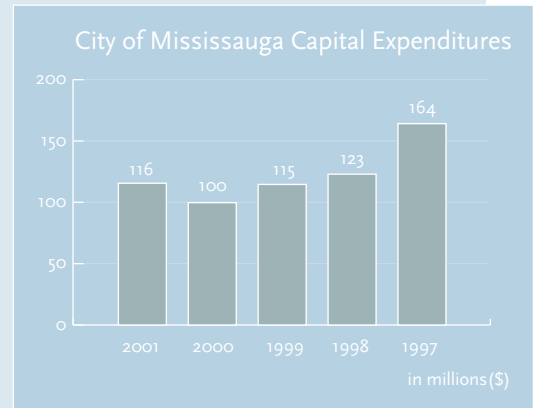
A Reserve is an appropriation from net revenue, at the discretion of council, after the provision for all known expenditures. It has no reference to any specific asset and does not require the physical segregation of money or assets as in the case of a Reserve Fund. Common reserve types are for development related revenues, contingencies and

winter maintenance. A Reserve Fund is established through a by-law and segregates assets for a fund. Either obligatory reserve funds or discretionary reserve funds have restrictions which ensure the purpose of the reserve fund is met.

Obligatory reserve funds must be created whenever a statute requires revenue received for a special purpose be segregated from the general revenues. Examples include monies received as development charges, monies received in lieu of parkland and monies received from special charges. Discretionary

reserve funds are established whenever municipal council wishes to earmark revenues to finance a future expenditure for which it has the authority to spend money, and physically set aside a certain portion of any year's revenue so that the funds are available as required.

As at December 31, 2001, the City's Reserve and Reserve Fund balances totalled \$653 million (versus \$630 million in 2000), a net increase of \$23 million. Balances have increased for Vehicle and Equipment Replacement Reserves by \$7 million and for Capital Construction Reserves by \$8.5 million. A new transit revenue stabilization reserve was established in 2001 at \$2.9 million.



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Message from Commissioner of Corporate Services and Treasurer

Transfers from Reserves and Reserve Funds are required on an annual basis to fund portions of the City's operating and capital costs. Some of these transfers are directed toward insurance claims, elections, labour related settlements, sick leave payouts, capital construction, and other city related costs.

Current reserve balances are considered adequate to position the City to be able to deal with the projected demands of the future. Mississauga's philosophy to run the City like a business has resulted in its favourable financial position.

Future Outlook:

Mississauga continues to experience high levels of growth with over \$1.5 billion of new assessment. As the City approaches build out, the construction of new facilities is slowing down and the ten year capital forecast includes the completion of a number of service networks. As the City becomes fully developed, the City will need to shift its focus to maintaining and replacing the City's infrastructure. The revenue required from property taxes for maintenance and replacement expenditures is projected to increase from 53 per cent in 2002 to 62 per cent over the next 10 years.

The City's control over expenditure growth has been and will continue to be a key factor in maintaining the City's strong financial position.

Closing Comments:

We are committed to providing the residents and businesses of this City with high quality services and administration in a financially responsible manner. We continue to be innovative and leading edge as we plan for the future. Through this approach, the City of Mississauga has been voted one of the top 100 employers in all of Canada in the year 2001. City Council, the Management Team and all employees are directly responsible for the financial successes and stability we have as a corporation today. We will continue to build on our successes as we move forward in the new millennium.



Janice M. Baker, CA
Commissioner of Corporate Services and Treasurer
March 28, 2002

Fiscal Policy

In 1996, Council approved the following fiscal policy which forms the basic framework for the overall fiscal management of the City of Mississauga. Most of the points represent long-standing principles, traditions and practices which have guided the City in the past and have helped maintain the financial stability over the last 26 years.

No Debt Financing

The City adheres to a pay-as-you-go philosophy whereby City facilities and infrastructure are not built unless City funds are available for construction. This policy requires the maintenance of a significant capital reserve to set aside funding prior to project inception.

Do Not Raid Reserves

In addition to its capital reserve funds, the City has established reserves to fund large, long term liabilities; eliminate tax rate fluctuations due to unanticipated expenditures and revenue shortfalls; smooth expenditures; and fund multiple year special projects. Use of reserves is planned and is not considered as an alternate funding source in place of good financial practice. Long term liabilities are reviewed on an annual basis. Reserves and reserve funds are established as required and maintained.

One Time Revenues

Major one-time revenues and operating surpluses are transferred to capital and other reserves or reserve funds. Using one time revenues to fund ongoing expenditures results in incurring annual expenditure obligations which may be unfunded in future years.

Adequate Maintenance and Replacement of Infrastructure

Projects and maintenance are not generally deferred unless the need for the project or maintenance changes. As a result, projects in the 10 year capital forecast advance from year to year in an orderly fashion. Maintenance is not deferred to meet funding constraints since deferred maintenance generally results in increased operating or replacement costs in the future.

New Development

Existing taxpayers should not share in the financing of growth-related infrastructure except to the extent that City-wide facilities are required in response to new services, higher desired service levels, or as a result of service expectations from a city of larger size. Growth related infrastructure is funded primarily through development charges in accordance with the Development Charges Act. Funding for non-growth infrastructure is funded through tax revenues.

Capital Projects

The City prepares a ten year operating forecast to identify the impact of new facilities and infrastructure. Unless the City has the ability to afford the new facility, the project will not proceed.

Operating like a Business

Core services are identified and funded. Non-core services will be maintained only if they are financially viable, reduce costs elsewhere in the Corporation, or if there is sufficient community use to justify the cost of providing the service. The City will identify which programs are to be funded through general revenues, which are to be self-funded and which programs require a subsidy from general revenues. Emphasis will be placed upon reducing the reliance on funding from general revenues. Methods of service delivery will continually be reviewed to reduce costs.

Financial Processes: The Budget, Financial Statements and Audit

The City aligns values, policies, practices and systems to support high performance and financial stability. The financial strength of the City can be attributed to three separate and distinct processes. First, budgeting and control systems are key components for monitoring and improving performance and planning for the future. Second, the Financial Statements enable the Management Team to keep a pulse on business while providing information crucial for solid financial management and decision making. Third, Management, External Auditors and the Audit Committee play an important role in the evaluation of internal controls and preparation of these Financial Statements. Below is a summary of these processes:

The Budget Process:

The budget process involves the participation of the Budget Committee which consists of the Mayor and Members of Council, City Manager, Department Heads and staff. In addition, public input is sought to assist the budget process. This level of participation ensures the most efficient use of the City's financial resources.

Initially, budget priorities are established and funding issues and targets are identified. From this analysis, specific funding envelopes are developed. These envelopes are sent to each Department to establish the base for their budget requests.

The Senior Management Team, consisting of the City Manager and Department Heads, conducts a review of departmental budgets and once satisfied that all funding issues have been addressed, prepares the budget recommendation for Budget Committee and subsequent Council approval.

The City has been successful once again in winning the Distinguished Budget Presentation Award for the Government Finance Officers Association (GFOA) of the United States and Canada.

This award demonstrates the City's commitment to ensuring an effective budget process and a quality published budget document, which is used as an operations guide, financial plan, policy statement and communication tool.

The Financial Statements:

Management of the City of Mississauga is responsible for the information contained in the annual financial report which includes the consolidated financial statements, notes to the financial statements and other financial information. These financial statements and accompanying notes have been prepared by staff within the reasonable limits of materiality and within the framework of the accounting principles and disclosure requirements of the Canadian Institute of Chartered Accountants guidelines included in the Public Sector Accounting and Auditing Standards Manual.

In conducting its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee. Throughout the year, the Audit Committee meets periodically with management and both the City's internal and external auditors to approve the scope and timing of the audit of specific activities, to review their findings and to satisfy that their responsibilities have been adequately discharged.

Financial Processes: The Budget, Financial Statements and Audit

The External Audit:

Included in the Financial Statements is a report prepared by our external auditors, KPMG. The role of the external auditor is to present an independent opinion on the fair presentation of the City's financial position and operating results as contained in the Financial Report, confirming that the statements are free from material misstatements. The auditors are responsible for advising management and the Audit Committee of any control or operational issues that may be identified during their audit procedures.

The role of the Audit Committee is to establish a high level of public accountability and to provide assurance to the public that municipal services are administered in an efficient, effective and economical manner. The objectives of the Audit Committee are to assist Council in the provision of effective municipal government by overseeing the administrative systems including financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical and regulatory requirements and the efficient and effective use of resources. The Audit Committee provides a focal point for communications between Council, the external auditor, the internal auditor and management, and facilitates an impartial, objective and independent review of management practices throughout the internal and external audit functions.

The Audit Committee is comprised of three members of Council, who are appointed annually by Council with the Mayor also being a member ex-officio.

In fulfilling their mandate, the Committee is responsible for selecting and, if necessary, dismissing the external auditor, reviewing the terms of the engagement, fees and scope of the audit and any non audit services provided, and evaluating the external auditors performance. The Audit Committee also reviews any reports and correspondence from the external auditor relating to the City, the Mississauga Public Library Board, Enersource Corporation, the Business Improvement Boards, and any other local boards or agencies which may be created.

It is important to note that while the City engages an independent auditor to express an opinion on the Financial Statements, the City's management is responsible for the preparation of the Financial Statements, and the integrity and objectivity of the financial information contained in the Financial Statements.

The Ten Year Forecast

To help us plan for the future, we develop a ten year operating forecast. This forecast is our best estimate of economic and other factors that affect the part of our budget that provides core city services, including fire, recreation and parks, street maintenance, transit, and libraries. A multi-year outlook allows City Council, staff and the community to consider future financial conditions while making current funding decisions. Considering today's economic climate, a multi-year examination of the city's budget is even more important.

In the past ten years the City has experienced significant growth as evidenced by a 36 per cent population increase, 39 per cent employment growth, 32 per cent growth in road networks, and 19 per cent increase in parkland.

The following assumptions and budget pressures are reflected in the Capital and Operating Forecast:

- no debt financing;
- asset replacement is well planned to maintain the City's infrastructure;
- declining assessment growth;
- assessment will not pay for inflation;
- discontinuance of contribution holiday to Ontario Municipal Employees Pension fund by the end of 2002;
- inflationary pressures;
- reinstatement of federal and provincial government subsidy at a rate of 50 percent for bus replacements;
- effects of an aging infrastructure;
- non-facility related growth such as parks, roads and trees continue to place pressure on the operating program; and
- fewer new taxpayers to offset the cost to continue to provide services such as cutting grass, salting and plowing streets, pruning trees and collecting leaves.

These challenges will continue to be monitored carefully to determine significant changes on future budgets.

With expected growth in population and employment projected over the next ten years to be 42,600 and 49,400 respectively, the following new facilities are anticipated:

- 2003 – Pumper for Fire Station 111 with a crew of 20 new Firefighters; and East Credit/Meadowdale Village Community Centre with 13 new staff
- 2004 – Aerial ladder for Fire Station 103 with a crew of 20 new Firefighters; and new Sports Complex
- 2005 – Fire Station 120 with a crew of 20 new Firefighters
- 2006 – Pumper for Fire Station 104 with a crew of 20 new Firefighters

Prior to 1997, the Province of Ontario provided subsidies to the City's Transit to partially offset the cost of operations and for the acquisition and replacement of capital infrastructure.

A new provincial transit initiative was announced in late 2001. It included a provision to eliminate or curtail the transfer payments for GO Transit, previously levied by the Region of Peel. This move is expected to free up taxation room for additional Transit funding. The announcement also noted a one third provincial capital subsidy. The extent of the provincial funding commitment is not finalized.

The Community Facility Redevelopment Program which involves the redevelopment of five City facilities over the next few years was included in the ten year forecast. The costs associated with this redevelopment will be partially funded by the Canada-Ontario Infrastructure Program as part of Ontario's SuperBuild initiative.

During the last ten years, the City has added over approximately 93,000 square metres (1,000,000 square feet) of buildings, 4,700 lane kilometres (2,918 lane miles) of road ways and 360 hectares (891 acres) of parkland. In keeping with the philosophy that growth pays for itself, the original construction of these assets was paid for by developers. After initial emplacement, costs associated with deterioration and eventual replacement of these services are funded by the tax payer. The costs to maintain the City's infrastructure and associated services is continually reviewed to plan for the future. Senior levels of government may assist the City in dealing with this problem through transit subsidies or SuperBuild funding but, due to their inconsistent nature, it is difficult to rely on these sources of funding in the long term.

Introduction to the Financial Statements

The Accompanying Consolidated Financial Statements and all other financial information included within this financial report are the responsibility of the management of the City of Mississauga. The City's Financial Statements contained in this report have been prepared in accordance with the accounting principles and disclosure requirements of the Canadian Institute of Chartered Accountants guidelines contained in the Public Sector Accounting and Auditing Standards Manual.

The Commissioner of Corporate Services and Treasurer is responsible for submitting annually to the Audit Committee and Council audited financial statements. These financial statements include the consolidated results of the City of Mississauga for the fiscal year ending December 31, 2001.

Finance staff are responsible for the coordination and completion of the annual financial statements in a timely, accurate and efficient manner as well as providing support and related financial information to external auditors during the year-end audit.

The Consolidated Financial Statements of the City of Mississauga provide important information about the overall financial condition of the City. The purpose of the consolidated financial statements is to present the effects of transactions of the City taking into consideration the accounting for all City Funds and associated city business enterprises.

The audited Consolidated Financial Statements for City operations and the audited Trust Fund Financial Statements include:

City Financial Statements:

- Auditors' Report
- Consolidated Statement of Financial Position
- Consolidated Statement of Financial Activities
- Consolidated Statement of Changes in Financial Position
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Current Fund Operations
- Consolidated Schedule of Capital Fund Operations
- Consolidated Schedule of Reserves and Reserve Funds

Trust Fund Financial Statements:

- Auditors' Report
- Statement of Financial Activities and Changes in Fund Balance
- Statement of Financial Position
- Notes to the Financial Statements

Auditors' Report



To the Members of Council,
Inhabitants and Ratepayers
of the Corporation of the
City of Mississauga

We have examined the consolidated statement of financial position of The Corporation of the City of Mississauga as at December 31, 2001 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants
Mississauga, Ontario
March 28, 2002

Consolidated Statement of Financial Position

as at December 31, 2001 (All dollar amounts are in \$000)

	2001 \$	2000 \$
Assets		
Financial Assets		
Cash and short-term investments	382,793	391,832
Taxes receivable (Note 3)	93,091	93,394
Accounts receivable	42,370	16,693
Investments (Note 4)	409,384	292,904
Loans receivable (Note 5)	4,690	4,626
Investment in Enersource Corporation (Note 6)	164,129	281,666
Total	<u>1,096,457</u>	<u>1,081,115</u>
Liabilities		
Accounts payable and accrued liabilities	72,298	71,061
Deferred revenue – general	5,531	16,621
Deferred revenue – development charges and parkland (Note 7)	76,555	58,263
Employee benefits and other liabilities (Note 8)	89,511	45,702
Net long-term liabilities (Note 9)	198	410
Total	<u>244,093</u>	<u>192,057</u>
Net Financial Resources	852,364	889,058
Other Non-Financial Assets		
Inventory and prepaids	4,533	4,069
Total Net Assets	856,897	893,127
Municipal Position		
Amounts to be recovered		
From reserves and reserve funds on hand	(80,966)	(38,291)
From future revenues	(8,743)	(7,821)
Total	<u>(89,709)</u>	<u>(46,112)</u>
Fund Balances (Note 10)		
Current fund	4,149	2,978
Capital fund	125,224	143,585
Reserves (See Schedule)	50,317	48,930
Reserve funds (See Schedule)	602,787	581,294
Enersource Corporation net equity (Note 6)	164,129	162,452
Total	<u>946,606</u>	<u>939,239</u>
Total Municipal Position	856,897	893,127

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financial Activities

for the year ended December 31, 2001 (All dollar amounts are in \$000)

	Budget 2001	Actual 2001	Actual 2000
	Unaudited – Note 1(k)		
	\$	\$	\$
Revenues			
Property taxation	166,429	168,424	164,589
Taxation from other governments	25,974	24,468	25,552
User charges	98,750	112,489	104,021
Government grants	1,654	1,682	1,253
Contribution from developers	51,104	42,149	52,630
Investment income	34,882	45,204	40,447
Penalties and interest on taxes	10,272	8,900	8,064
Other	10,480	20,026	11,381
Change in equity in Enersource Corporation (Note 6)	–	1,677	3,763
Total Revenues	399,545	425,019	411,700
Expenditures			
Current			
General government	98,903	106,537	61,316
Protection to persons and property	61,138	60,662	55,638
Transportation services	99,285	100,932	92,475
Environmental services	2,555	1,932	2,239
Health services	44	43	50
Social and family services	286	264	262
Recreation and cultural services	65,592	65,101	75,758
Planning and development	10,867	10,694	9,252
Total Current Expenditures	338,670	346,165	296,990
Capital			
General government	9,989	5,885	8,578
Protection to persons and property	3,732	5,267	1,500
Transportation services	50,659	65,466	52,447
Environmental services	15,810	8,584	5,597
Social and family services	41	45	9
Recreation and cultural services	25,364	30,301	31,588
Total Capital Expenditures	105,595	115,548	99,719
Total Expenditures	444,265	461,713	396,709
Increase/(Decrease) in Net Financial Resources	(44,720)	(36,694)	14,991
Increase in amounts to be recovered	43,597	43,597	413
Increase/(Decrease) in non-financial assets	464	464	(239)
Increase/(Decrease) in Fund Balances	(659)	7,367	15,165

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Financial Position

as at December 31, 2001 (All dollar amounts are in \$000)

	2001 \$	2000 \$
Operations		
Increase/(Decrease) in Net Financial Resources	(36,694)	14,991
Uses/(Sources):		
Taxes receivable	303	27,005
Accounts receivable	(25,677)	(5,812)
Loans receivable	(64)	16,689
Accounts payable and accrued liabilities	1,237	28,219
Deferred revenue – general	(11,090)	1,536
Deferred revenue – development charges and parkland	18,292	(9,537)
Employee benefits and other liabilities	43,809	616
Total Uses/(Sources)	26,810	58,716
Income from Investment in Enersource Corporation	(1,677)	(4,330)
Net change in cash from operations	(11,561)	69,377
Investing		
Decrease/(increase) in investments	(116,480)	(253,717)
Reduction in equity of Enersource Corporation	119,214	340,567
Net change in cash from investing	2,734	86,850
Financing		
Long-term debt repaid	(212)	(203)
Net change in cash from financing	(212)	(203)
Net change in cash and short-term investments	(9,039)	156,024
Opening cash and short-term investments	391,832	235,808
Closing cash and short-term investments	382,793	391,832

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

The City of Mississauga is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant Accounting Policies

The consolidated financial statements of The Corporation of the City of Mississauga (the “City”) are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These financial statements include:

- City of Mississauga Public Library Board
- Port Credit Business Improvement Area
- Clarkson Business Improvement Area
- Streetsville Business Improvement Area

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Enersource Corporation is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise’s accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated.

b) Fund Accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the City are not included in these financial statements but are reported on separately on the Trust Funds Financial Statements.

Sinking Funds and their related operations are administered by the Region of Peel and as such are not included in these financial statements.

c) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal charges on long-term liabilities which are charged against operations in the periods in which they are paid.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

d) Capital Assets

Expenditures on capital assets are reported as capital expenditures on the statement of financial activities in the period incurred.

e) Reserves and Reserve Funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

f) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

g) Deferred Revenue – Other

The City defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

h) Deferred Revenue – Development Charges and Parkland

The City receives development charge contributions and payments in lieu of parkland under the authority of provincial legislation and City by-laws. These funds by their nature are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

i) Taxation and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (“MPAC”). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, the requisition made by the Region of Peel in respect of Regional services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. The Province of Ontario has enacted Bill 140, “Continued Protection for Property Taxpayers” which extends the capping provisions of Bill 79 for the foreseeable future. The legislation limits assessment-related increases in property tax bills to 5 per cent annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current value assessment. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

j) Investment Income

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

k) Budget Figures

Mississauga City Council completes a review of its operating and capital budgets each year. The approved operating budget for 2001 is reflected on the Consolidated Schedule of Current Fund Operations and is included in the budget figures presented in the Consolidated Statement of Financial Activities.

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Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

Budgets established for the Capital Fund and Reserves and Reserve Funds are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years. The budgets reflected in the Consolidated Schedule of Capital Fund Operations and the Consolidated Schedule of Reserves and Reserve Funds and included in the Consolidated Statement of Financial Activities is an annual budget only as required by the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

2. Operations of School Boards and the Region of Peel

During 2001, the City has made property tax transfers to the Region of Peel and School Boards. The amounts collected and remitted are summarized below:

	School Boards \$	Region \$
Property taxes	429,210	328,254
Taxation from other governments	140	8,479
Amounts transferred	<u>429,350</u>	<u>336,733</u>

3. Taxes Receivable

Taxes receivable of \$93,091 (2000 – \$93,394) reported on the Consolidated Statement of Financial Position includes \$18,698 (2000 – \$25,858) of supplementary taxes recorded in 2001 but not collectable until 2002.

4. Investments

The investments have a market value of \$427,034 (2000 – \$299,342) at the end of the year. The premium or discount on the purchase price is amortized over the life of the investment.

5. Loans Receivable

Loans receivable includes an operating loan of \$4,328 (2000 – \$4,203) owing by the Living Arts Centre (“LAC”), a non-profit community organization located in the City. Interest on the operating loan is calculated at the lower of the rate equivalent to that paid on bankers’ acceptances of a specific chartered bank or the rate charged by that bank to its best customers. The operating loan is repayable no later than March 31, 2003.

6. Investment in Enersource Corporation

As part of electricity restructuring, incorporated distribution utilities have been allowed to take on commercial debt structures and have the ability to earn a regulated commercial rate of return. On January 1, 2000 the City retained \$50 million in cash and certain lands with a book value of \$1.6 million which were excluded from assets transferred upon the incorporation of the utility operations. As well during 2000, the City received \$150 million in cash and \$119.2 million in the form of a note issued by Enersource Hydro Mississauga. The following table provides condensed financial information in respect of Enersource Corporation for its 2001 fiscal year together with comparative figures for year 2000.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

Financial Position:	2001 \$	2000 \$
Current assets	121,330	108,501
Capital assets	406,260	400,639
Deferred charges and other assets	32,612	14,476
Total assets	560,202	523,616
Current liabilities	66,431	57,855
Long-term liabilities	311,405	285,259
Total liabilities	377,836	343,114
Shareholders' Equity	182,366	180,502
City share of net assets (90% ownership)	164,129	162,452
Results of operations:		
Revenues	567,887	510,427
Operating expenses	565,731	505,616
Income before amounts in lieu of income taxes	2,156	4,811
Amounts in lieu of income taxes	292	–
Net income	1,864	4,811
City share of net income (90% ownership)	1,677	4,330

The following table reconciles the net income recorded in the financial statements of Enersource Corporation and the change in equity in Enersource Corporation recorded in these financial statements:

	2001 \$	2000 \$
Net Income	1,864	4,811
City's share (90%)	1,677	4,330
Less: Employee future benefits	–	1,631
Less: Land acquired	–	1,429
Add: Excess of contribution from minority shareholder over 10% of book value of Enersource	–	2,493
Change in equity in Enersource Corporation	1,677	3,763

As at December 31, 2001, the City's investment in Enersource Corporation is comprised of \$164,129 in equity (2000 – \$162,452) and zero in respect of a 6 per cent note receivable since the note was repaid in full during the year (2000 – \$119,214).

The Board of Directors of Enersource Corporation approved their financial statements March 26, 2002.

[...continues on page 38](#)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

7. Deferred Revenue – Development Charges and Parkland

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the City are summarized below:

	2001	2000
	\$	\$
Development charges	38,039	33,146
Parkland	38,516	25,117
Total	76,555	58,263

8. Employee Benefits and Other Liabilities

The City provides certain employee benefits which will require funding in future periods. Please refer to the summary below:

	2001	2000
	\$	\$
Future payments required to WSIB (2001 was based on an Actuarial study)	7,984	4,923
Accumulated Sick Leave Benefit Plan entitlements	10,153	10,294
Vacation pay	10,262	10,338
Section 14 credits (Development Charges Act)	39,172	8,300
Early retirement benefits	2,618	1,150
Other liabilities	19,322	10,697
Total Employee Benefits and Other Liabilities	89,511	45,702
Plus: Net long-term liabilities outstanding (Note 9)	198	410
Less: Recoverable from Reserves and Reserve Funds on hand	80,966	38,291
Amount to be funded from future revenues	8,743	7,821

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board Act the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements.

The calculation of future payments required to fund WSIB in 2001 (\$7,984) was based on a actuarial study whereas in 2000, the estimate (\$4,923) was made internally.

Section 14 credits are liabilities and obligations that arise through the Development Charges Act. The year 2001 section 14 liability of \$39,172 (2000 – \$8,300) was re-evaluated to include all these obligations. The decision to establish a current year provision, subject to appeal, has been included as an additional expenditure under General government within the Statement of Consolidated Financial Activities.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

9. Net Long-Term Liabilities

(a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2001 \$	2000 \$
Long-term liabilities issued by the Region of Peel of which the City has assumed responsibility for the repayment	1,720	1,729
Less: sinking funds accumulated to retire long-term liabilities	1,522	1,319
Net long-term liabilities at the end of the year	198	410

(b) Principal repayments totalling \$130 due in the years 2002 and 2003 together with sinking fund earnings of \$68 will retire the City's outstanding long-term liabilities. The principal repayments will be funded by those landowners who will directly benefit.

(c) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long term liabilities issued after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit of \$78,389 prescribed by the Ministry of Municipal Affairs and Housing.

(d) Interest expense on long-term liabilities in 2001 amounted to \$140 (2000 – \$140).

10. Municipal Fund Balances at the End of the Year

The City's fund balances are comprised of the following:

	2001 \$	2000 \$
For general reduction of taxation:		
City	3,731	2,736
Library Board	351	171
Sub-total	4,082	2,907
For specific reduction of taxation:		
Business Improvement Areas	67	71
Total	4,149	2,978
Other Fund balances:		
For acquisition of fixed assets	125,224	143,585
Reserves	50,317	48,930
Reserve Funds	602,787	581,294
Enersource Corporation net equity	164,129	162,452
Total	946,606	939,239

...continued on page 40

Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

11. Expenditures by Object

The following is a summary of the current and capital expenditures reported on the Consolidated Statement of Financial Activities by object:

	Budget 2001	Actual 2001	Actual 2000
	Unaudited – Note 1(k)		
	\$	\$	\$
Current expenditures consist of:			
Salaries, wages and fringe benefits	251,110	248,632	185,777
Net long term debt charges (interest)	140	140	140
Net long term debt charges (principal)	140	121	122
Materials and services	17,502	22,860	24,013
Contracted services	23,358	27,354	29,055
Rents and financial expenses	43,691	44,322	55,598
Transfer payments	2,729	2,736	2,285
Total Current Expenditures	338,670	346,165	296,990
Capital expenditures consist of:			
Salaries, wages and fringe benefits	931	1,958	1,744
Materials and services	8,329	18,220	19,784
Contracted services	74,859	76,242	64,618
Rents and financial expenses	21,476	19,128	13,573
Total Capital Expenditures	105,595	115,548	99,719

12. Pension Agreements

The City makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Due to significant surpluses, OMERS has declared a temporary contribution holiday for all active employees and participating employers.

As a result of this contribution holiday, no contributions were required on account of current service in 2001 or 2000.

13. Trust Funds

Trust funds administered by the City amounting to \$359 (2000 – \$296) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City’s financial position or financial activities.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

14. Provincial Offences Administration

The Ministry of the Attorney General requires all municipal partners administering Provincial Offences Administration to disclose in the year-end audited financial statements a note on the gross and net provincial offence revenues earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding (MOU) for its 2001 fiscal year with comparative figures for the year 2000:

	2001 \$	2000 \$
Revenues		
Gross Revenues	6,024	5,696
Less refunds	66	61
Net Revenues	<u>5,958</u>	<u>5,635</u>
Expenditures		
Provincial Charges	443	436
City Operating Expenses	1,944	1,709
Total Expenditures	<u>2,387</u>	<u>2,145</u>
Net Revenue	<u>3,571</u>	<u>3,490</u>

15. Comparative Figures

Certain 2000 comparative figures have been reclassified to conform with the presentation adopted for the current year.

Consolidated Schedule of Current Fund Operations

for the year ended December 31, 2001 (All dollar amounts are in \$000)

	2001 Budget	2001 Actual	2000 Actual
	Unaudited – Note 1(k)		
	\$	\$	\$
Revenues			
Property taxation	166,429	168,424	164,589
Taxation from other governments	25,974	24,468	25,552
User charges	98,750	112,489	104,021
Government grants	1,654	1,682	1,253
Investment income	11,448	9,544	12,848
Penalties and interest on taxes	10,272	8,900	8,064
Other	2,795	11,931	2,742
Total Revenues	<u>317,322</u>	<u>337,438</u>	<u>319,069</u>
Expenditures			
General government	55,306	62,940	60,903
Protection to persons and property	61,138	60,662	55,638
Transportation services	98,821	100,468	92,714
Environmental services	2,555	1,932	2,239
Health services	44	43	50
Social and family services	286	264	262
Recreation and cultural services	65,592	65,101	59,809
Planning and development	10,867	10,694	9,251
Total Expenditures	<u>294,609</u>	<u>302,104</u>	<u>280,866</u>
Net revenue	<u>22,713</u>	<u>35,334</u>	<u>38,203</u>
Financing and Transfers			
Transfers to reserves and reserve funds	(25,213)	(34,163)	(38,058)
Change in Current Fund Balance	<u>(2,500)</u>	<u>1,171</u>	<u>145</u>
Opening Current Fund Balance	2,500	2,978	2,833
Closing Current Fund Balance	<u><u>–</u></u>	<u><u>4,149</u></u>	<u><u>2,978</u></u>

Consolidated Schedule of Capital Fund Operations

for the year ended December 31, 2001 (All dollar amounts are in \$000)

	2001 Budget	2001 Actual	2000 Actual
	Unaudited – Note 1(k)		
	\$	\$	\$
Revenues			
Current Year Contributions from Developers	51,104	42,149	52,630
Other	1,805	2,914	8,255
	<hr/>	<hr/>	<hr/>
Total Revenues	52,909	45,063	60,885
Expenditures			
General government	9,989	5,885	8,578
Protection to persons and property	3,732	5,267	1,500
Transportation services	50,659	65,466	52,447
Environmental services	15,810	8,584	5,597
Social and family services	41	45	9
Recreation and cultural services	25,364	30,301	31,588
	<hr/>	<hr/>	<hr/>
Total Expenditures	105,595	115,548	99,719
	<hr/>	<hr/>	<hr/>
Net revenues/(expenditures)	(52,686)	(70,485)	(38,834)
Financing and Transfers			
Transfers from reserve funds	52,686	52,124	60,266
	<hr/>	<hr/>	<hr/>
Change in Capital Fund Balance	0	(18,361)	21,432
Opening Capital Fund Balance	143,585	143,585	122,153
	<hr/>	<hr/>	<hr/>
Closing Capital Fund Balance	143,585	125,224	143,585
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated Schedule of Reserves and Reserve Funds

for the year ended December 31, 2001 (All dollar amounts are in \$000)

	Budget 2001	Actual 2001	Actual 2000
	Unaudited – Note 1 (k)		
	\$	\$	\$
Revenues			
Investment income	23,434	35,660	27,599
Other	5,880	5,181	(15,566)
Total Revenues	<u>29,314</u>	<u>40,841</u>	<u>12,033</u>
Net Transfers from/(to) other funds			
Cash and notes received from Enersource Corporation	–	–	340,000
Transfers from current fund	25,213	34,163	38,058
Transfers to capital fund	(52,686)	(52,124)	(60,266)
Total Net Transfers	<u>(27,473)</u>	<u>(17,961)</u>	<u>317,792</u>
Change in Reserves and Reserve Fund Balances	1,841	22,880	329,825
Opening Balance	630,224	630,224	300,399
Ending Balance	<u>632,065</u>	<u>653,104</u>	<u>630,224</u>

Analyzed as follows:

Reserves set aside for specific purposes:

Development revenue	13,040	14,016
Assessment appeals	9,579	12,006
Vacation pay	5,820	5,820
Contingencies	3,146	3,672
Labour settlements	3,546	3,476
Planning process update	3,335	3,435
Transit revenue stabilization	2,909	–
Legal settlements	2,420	2,420
Winter maintenance	3,975	1,738
Elections	699	599
Commitments	620	521
Early retirement benefits	500	500
Boulevard maintenance	469	469
OMERS Type 7	234	234
Other	25	24
Total Reserves	<u>50,317</u>	<u>48,930</u>

Reserve Funds set aside for specific purposes by Council:

Hydro	354,252	353,003
Lot levies	46,858	44,352
Contributions from Developers for Specific Works	35,325	34,800
Vehicle and equipment replacement	33,627	26,825
Capital construction	89,506	80,980
Self insurance	20,398	20,331
Workplace Safety and Insurance Board (WSIB)	13,651	11,875
Sick-leave benefits	9,170	9,128

TOTAL RESERVE FUNDS	<u>602,787</u>	<u>581,294</u>
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Total Reserves and Reserve Funds	<u>653,104</u>	<u>630,224</u>
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Auditors' Report



To the Members of Council,
Inhabitants and Ratepayers
of The Corporation of the
City of Mississauga

We have audited the statement of financial position of the trust funds of The Corporation of the City of Mississauga as at December 31, 2001 and the statement of financial activities and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the City as at December 31, 2001 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants
Mississauga, Ontario
March 28, 2002

Trust Funds – Statement of Financial Activities and Changes in Fund Balances

as at December 31, 2001 (All dollar amounts are in \$000)

	O.H.R.P. \$	Perpetual Care \$	Election Surplus \$	2001 Total \$	2000 Total \$
Revenue					
Interest	–	15	3	18	18
Perpetual Care Receipts	–	24	–	24	14
Surplus election proceeds	–	–	36	36	49
	—	—	—	—	—
Total Revenues	–	39	39	78	81
Expenditure					
Repayment to candidates	–	–	–	–	81
Cemetery maintenance	–	15	–	15	15
	—	—	—	—	—
Total Expenditures	–	15	–	15	96
	—	—	—	—	—
Increase/(Decrease) in Financial Assets	–	24	39	63	(15)
Opening Fund Balance	4	242	50	296	311
	—	—	—	—	—
Closing Fund Balance	4	266	89	359	296
	==	==	==	==	==

Statement of Financial Position

as at December 31, 2001 (All dollar amounts are in \$000)

	O.H.R.P. \$	Perpetual Care \$	Election Surplus \$	2001 Total \$	2000 Total \$
Financial Assets					
Cash	2	126	89	217	101
Investments (Note 2)	–	140	–	140	193
Loans Receivable	2	–	–	2	2
	—	—	—	—	—
Fund Balance	4	266	89	359	296
	==	==	==	==	==

The accompanying notes are an integral part of these financial statements.

Trust Funds – Notes to the Financial Statements

for the year ended December 31, 2001 (All dollar amounts are in \$000)

1. Significant Accounting Policies

Basis of Accounting

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. Investments

The total investments by the trust funds of \$140 (2000 – \$193) reported on the Statement of Financial Position at cost, have a market value of \$141 (2000 – \$194) at the end of the year.

3. Ontario Home Renewal Program Fund (O.H.R.P.)

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7.5 of which the maximum forgivable portion is \$4.

Ontario Home Renewal Program loans receivable at December 31 are repayable by the owner occupant. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the loan immediately become due and payable.

The OHRP program was discontinued by the Ontario Ministry of Housing in July 1993. At that time the Ministry requested from the City the repayment of all trust funds on hand.

4. Perpetual Care Fund

The Perpetual Care Fund administered by the City is funded by the sale of cemetery plots. These funds are invested and earnings derived therefrom are used to perform perpetual care maintenance to the municipality's cemeteries. The operations and investments of the Fund are undertaken by the City in accordance with the regulations of the Cemeteries Act.

5. Election Surplus Fund

The Election Surplus Fund holds surplus election funds of registered candidates in municipal elections. These funds will be paid over to the candidates in the next election as per the Municipal Elections Act.

Five-Year Financial Review

(All dollar amounts are in \$000 except per capita figures.)

Fiscal Year	2001	2000	unaudited 1999	1998	1997
Municipality Statistics					
Population	612,000	606,000	588,500	572,000	558,000
Area in acres	70,500	70,500	70,500	70,500	70,500
Households	199,880	189,995	186,332	181,982	175,878
Employees:					
full time	3,141	3,010	2,834	2,697	2,676
per 1000 people	5.1	4.9	4.8	4.7	4.8
part time	2,298	2,397	2,164	1,595	1,493
Construction Activity	\$1,767,000	\$1,423,875	\$1,880,000	\$1,407,139	\$1,116,171
Tax Assessment Information					
Assessment Valuation Year	1999	1996	1996	1996	1980
Taxable Assessment upon which the year's rates of taxation were set:					
Residential, farm, multi-residential	\$37,068,810	\$31,015,895	\$30,212,610	\$29,880,460	\$5,474,633
Commercial, industrial and other	12,744,620	10,655,999	10,456,044	10,248,893	2,012,261
Business	n/a	n/a	n/a	n/a	882,333
Total Taxable Assessment	\$49,813,430	\$41,671,894	\$40,668,654	\$40,129,353	\$8,369,227
Commercial, industrial, and business as a percentage of taxable assessment	25.6%	25.6%	25.7%	25.5%	34.6%
Tax Rate Information: (per \$ of assessed value)					
Residential and farm					
for City purposes	0.286766%	0.330813%	0.330825%	0.330855%	1.451100%
for Region purposes	0.565885%	0.655602%	0.653592%	0.658931%	1.637800%
for School purposes	0.373000%	0.414000%	0.414000%	0.460000%	6.121700%
Total Tax Rate – Residential and farm	1.225651%	1.400415%	1.398417%	1.449786%	9.210600%
Commercial					
for City purposes	0.371964%	0.438615%	0.437203%	0.453999%	1.707200%
for Region purposes	0.734010%	0.869213%	0.863756%	0.904186%	1.926800%
for School purposes	2.075397%	2.467433%	2.467433%	2.467433%	7.202000%
Total Tax Rate – Commercial	3.181371%	3.775261%	3.768392%	3.825618%	10.836000%
Industrial					
for City purposes	0.458424%	0.557353%	0.560469%	0.629174%	1.707200%
for Region purposes	0.904624%	1.104735%	1.107285%	1.253063%	1.926800%
for School purposes	2.678392%	3.112465%	3.112465%	3.112465%	7.202000%
Total Tax Rate – Industrial	4.041440%	4.774553%	4.780219%	4.994702%	10.836000%

Five-Year Financial Review

(All dollar amounts are in \$000 except per capita figures.)

Fiscal Year	unaudited				
	2001	2000	1999	1998	1997
Tax Levies:					
City portion	\$168,424	\$164,589	\$156,516	\$155,337	\$133,743
Region portion	328,254	322,034	313,302	308,276	150,782
School Board portion	429,210	421,052	393,571	388,074	559,323
Total Tax Levies	\$925,888	\$907,675	\$863,389	\$851,687	\$843,848
Taxes collected:					
City collection	\$168,668	\$122,913	\$130,266	\$121,321	\$132,846
Taxes Transferred to the Region	328,254	322,034	313,302	308,276	150,782
Taxes Transferred to the School Boards	429,210	421,052	393,571	388,074	559,323
Total Taxes collected	\$926,132	\$865,999	\$837,139	\$817,671	\$842,951
Tax arrears:					
Taxes Receivable	\$93,091	\$93,394	\$120,399	\$84,495	\$63,153
Taxes Receivable per capita	\$152	\$154	\$205	\$148	\$113
percentage of current levy	10.0%	10.3%	14.1%	10.0%	7.5%
Current Fund Information:					
Revenues (City Purposes)					
Taxation	\$168,424	\$164,589	\$156,516	\$155,337	\$133,743
Payments in lieu of taxes	24,468	25,552	27,691	21,208	22,965
Government grants	1,682	1,253	1,466	6,230	16,065
User charges	112,489	104,021	100,847	86,643	82,871
Other	30,375	23,654	29,632	25,885	21,358
Total Revenues	\$337,438	\$319,069	\$316,152	\$295,303	\$277,002
<i>Revenue per capita</i>	\$551	\$527	\$537	\$516	\$496
Expenditures by Function					
General government	\$62,940	\$60,903	\$54,000	\$46,218	\$45,259
Protection to persons and property	60,662	55,638	47,417	45,334	44,513
Transportation and services	100,468	92,714	85,877	77,431	80,073
Environmental services	1,932	2,239	2,247	2,775	2,654
Health services	43	50	27	122	118
Social and family services	264	262	239	231	233
Recreation and cultural services	65,101	59,809	53,706	54,018	53,960
Planning and development	10,694	9,251	7,845	7,302	7,357
Total Expenditures	\$302,104	\$280,866	\$251,358	\$233,431	\$234,167
Prior year's surplus	2,978	2,833	2,958	2,660	5,472
Transfers between funds	34,163	38,058	64,919	61,574	45,647
Accumulated Net Revenue – Operating Fund	\$4,149	\$2,978	\$2,833	\$2,958	\$2,660
Capital Fund Information:					
Capital Financing					
Contributions from own funds	\$42,149	\$52,630	\$7,690	\$17,753	-
Government grants	0	0	526	7,019	48,032
Other	2,914	8,255	16,231	8,219	24,082
Total Capital Financing	\$45,063	\$60,885	\$24,447	\$32,991	\$72,114

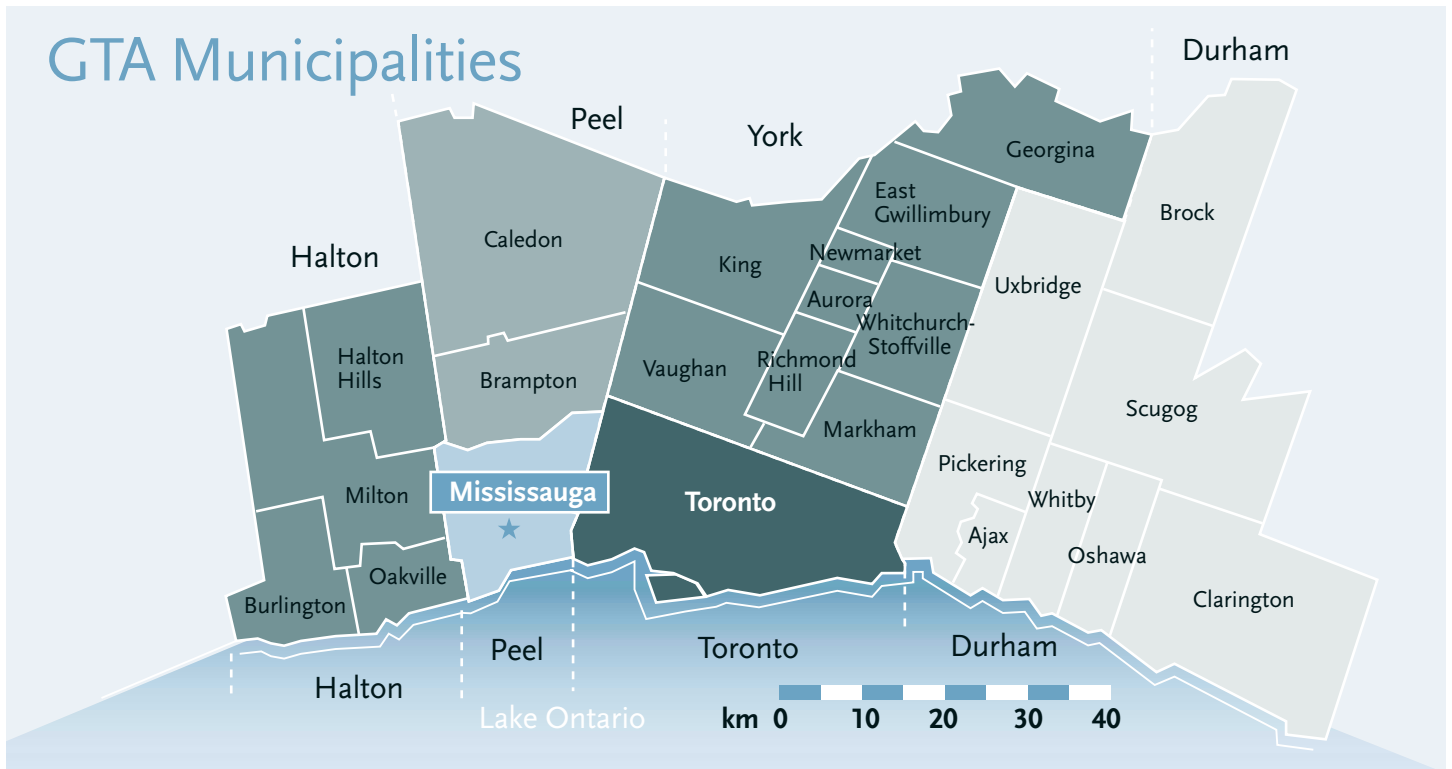
Five-Year Financial Review

(All dollar amounts are in \$000 except per capita figures.)

Fiscal Year	unaudited				
	2001	2000	1999	1998	1997
Capital Fund Expenditures	115,548	99,719	114,578	122,925	164,135
Net Capital Financing/(Expenditures)	(\$70,485)	(\$38,834)	(\$90,131)	(\$89,934)	(\$92,021)
Transfers from Reserve Funds	52,124	60,266	86,226	89,799	99,386
Previous Year Unexpended Capital Financing	143,585	122,153	126,058	126,193	118,828
Current Year Unexpended Capital Financing	\$125,224	\$143,585	\$122,153	\$126,058	\$126,193
Expenditures by Object					
Current Fund Expenditures					
Salary, wages and fringe benefits	\$205,035	\$185,777	\$169,842	\$161,211	\$159,569
Net long term debt charges (interest)	140	140	142	154	176
Net long term debt charges (principal)	121	122	138	146	157
Materials and supplies	22,396	24,013	15,983	14,978	17,743
Contracted Services	27,354	29,055	25,965	20,953	21,052
Rents and financial expenses	44,322	39,474	36,165	33,579	32,702
Transfer payments	2,736	2,285	3,123	2,410	2,768
Total Current Expenditures	\$302,104	\$280,866	\$251,358	\$233,431	\$234,167
Capital Expenditures					
Salary, wages and fringe benefits	\$1,958	\$1,744	\$1,761	\$1,349	\$1,400
Materials and supplies	18,220	19,784	18,144	14,310	17,726
Contracted Services	76,242	64,618	79,559	84,360	88,667
Rents and financial expenses	19,128	13,573	15,114	22,906	56,342
Total Capital Expenditures	\$115,548	\$99,719	\$114,578	\$122,925	\$164,135
Municipal Debt Information:					
Long-Term Liabilities					
General municipal activities	\$198	\$410	\$613	\$829	\$1,046
Per capita	0.3	0.7	1.0	1.4	1.9
Charges for Long-Term Liabilities					
General municipal activities	\$261	\$262	\$280	\$300	\$333
Per capita	0.4	0.4	0.5	0.5	0.6
Debt Repayment Limit (as determined by the Province of Ontario)	\$78,389	\$71,964	\$64,895	\$62,891	\$64,263
Fund Balances:					
Operating Fund	\$4,149	\$2,978	\$2,833	\$2,958	\$2,660
Reserves	50,317	48,930	94,463	74,809	64,979
Reserve Funds	602,787	581,294	205,936	231,315	220,386
Capital Fund	125,224	143,585	122,153	126,058	126,193
Trust Funds	359	296	311	290	217
Investment in Enersource Corporation	164	282	499	—	—
Sinking Funds	13	20	23	21	20



City of Mississauga
within Central/Eastern
North America



Financial Report

for the fiscal year ending December 31, 2001

Corporate Services Department
Finance Division
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Mississauga Ontario
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www.mississauga.ca/finance

